



# ROYAL AUDIT AUTHORITY NEWSLETTER

*A Biannual Publication*



Volume I, Issue VII, January – June, 2014

## Editorial...

The dawn of New Year 2014 brought in another moment of joy and fulfillment for the Royal Audit Authority. The RAA family joined the Nation in rejoicing the warmth unveiled in by the year and offered our prayers and wishes for the successful year ahead.

A horde of activities transpired our journey towards success. A goodwill visit was paid by the Comptroller & Auditor General of India and Memorandum of Understanding renewed with the RAA. RAA hosted SAI-Performance Measurement Framework training and guided by the Framework, INTOSAI Development Initiative Secretariat undertook the assessment study for the RAA. The Audit Performance Evaluation Management System was finalized, Annual Audit Report 2013 and Annual Audit Plan 2014-2015 published and released. Further, participation in numerous professional activities and discussion of significant audit issues in the Parliament were prominent features during the period from January to June 2014.

In this edition, besides brief news on both internal and international happenings, we bring you here excerpts on SAI-Performance Measurement Framework Methodology which has recently become a global tool for measuring performances of Supreme Audit Institutions. We hope our readers will enjoy flipping through the pages and getting hold of events or matters related to the RAA.

Wishing you a happy reading!

## Memorandum of Understanding (MoU) renewed between Royal Audit Authority and Comptroller & Auditor General of India



A four member delegation led by the Comptroller and Auditor General of India, His Excellency Shri Shashi Kant Sharma visited Bhutan from 22<sup>nd</sup> to 25<sup>th</sup> April, 2014. The MoU between the two Supreme Audit Institutions was renewed for next six years. The MoU was first signed on 14th December, 2001 for a period of six years. The last MoU expired in 2013. Recognizing the benefits of collaboration in areas of mutual interest, MoU was extended for next six years.

Under the agreement, the MoU identified the following areas of cooperation:

- ✓ Two Audit Officers of the Royal Audit Authority to undergo induction courses in Indian Audits and Accounts Service (IAAS) Course every year in the National Academy of Audit and Accounts, Shimla, India.
- ✓ Extend support in conducting training in relevant fields by deputing experts from the Office of the Comptroller and Auditor General of India on the topics requested by the Royal Audit Authority once in every year.
- ✓ The C&AG to accept attachment of auditors for infrastructure auditing from Royal Audit Authority with the Accountant General Offices in India.

The delegates left for New Delhi on 25th April, 2014.

## NEWS & EVENTS

Traditional ground breaking ceremony for the construction of Professional Development Centre held in Tsirang



The Hon'ble Auditor General of Bhutan, Dasho Ugen Chewang attended the traditional ground breaking ceremony (*Salang Tendrel*) for the construction of Professional Development Center of the Royal Audit Authority held on 26th March 2014.

The ceremony was presided over by Lam Neten and monks of Tsirang Rabdey. The representatives from Government of India and Gross National Happiness Commission, officials from the Dzongkhag Administration, Tsirang, officials and staffs of RAA attended the event.

The project is estimated to cost around Nu. 193 million, including Nu. 43 million utilized in the tenth five year plan financed entirely by the Government of India under Project-Tied Assistance. The Center is expected to be completed and functional by fiscal year 2016-17.

### Brief background on Professional Development Center (PDC)

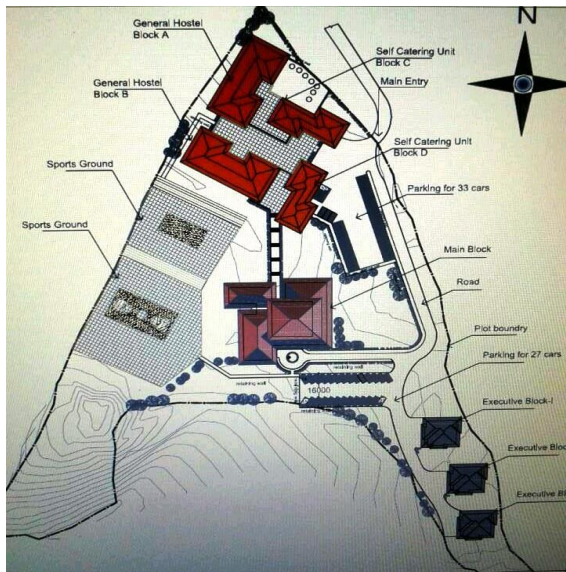
The construction of Professional Development Centre in Tsirang marks a new chapter in the history of the Royal Audit Authority, in building its capacity to audit and report on economy, efficiency and effectiveness in the use of public resources.

The Professional Development Center is being constructed within 5.3 acres of land over the shallow-sloped terrain of Tsirang. The consultancy services, drawings and designs, construction of approach road, construction of site office and water supply works were completed during the 10th Plan. The major component of the work for this phase will be the construction of main academic block, two general hostels with accommodation capacity of around 120 heads and landscaping works.



The Government of India has committed Nu. 150 million in the eleventh five year plan to implement the second and final phase of the project including furnishing and electrification works for the buildings.

Such professional development centers are given high priority by the Supreme Audit Institutions worldwide mainly to address continuous professional development needs of respective Supreme Audit Institutions. It also benefits in acquiring best international auditing practices and attaining required standards.



In RAA's context, the need of a well-equipped professional development center was conceived as early as before the institution of constitutional monarchy in the country. The establishment of the center was since then accorded high priority and was endorsed by the 87th Session of the then National Assembly of Bhutan on June 7, 2007.

With the Professional Development Center in place, the Royal Audit Authority besides fulfilling its own requirements in building human resource capacity to audit and report on the economy, efficiency and effectiveness in the use of public resources will also organize national and international level events such as meetings, seminars and workshops to foster collaborative

partnership with SAIs worldwide and region in the area of auditing and reporting.

The Human Resource and International Relations Division in pursuit of achieving the Programme Goal 5 of Strategy Goal No. 5. 4 of the RAA's Strategic Plan 2010-15 has already initiated process of developing training curriculum for the Professional Development Centre.

Under the Executive order issued by the Honb'le Auditor General, a 15 members core group is formed, four subject matters experts identified, two members each for layout & design and editorial team constituted.

Office of the Assistant Auditor General, Tsirang hosted 57<sup>th</sup> Policy Planning Consultative Meeting cum Mid-Term Review Meeting 2013-2014



The 57<sup>th</sup> Policy Planning Consultative Meeting cum Mid-Term Review Meeting 2013-14 of the Royal Audit Authority was held from 26<sup>th</sup> -27<sup>th</sup> March, 2014 in Tsirang. The meeting was coordinated by the Policy, Planning and Annual Audit Report Division.

The meeting chaired by the Honorable Auditor General was attended by the Dy. Auditor General, Assistant Auditors' Generals and team leaders from



headquarters and OAAGs of Bumthang, Phuentsholing, Tsirang and Samdrupjongkhar.

### Highlights of 57<sup>th</sup> PPCM & Mid-term review

- ✚ The audit teams while undertaking the audit of a particular agency shall hereafter carry out the follow-up of issues contained in the previous audit reports;
- ✚ Apart from the news coverage by PPAARD specifically pertaining to the RAA in general, hereafter for a particular event/meeting/ training hosted or organized under the supervision of respective organizers/hosts, detailed news coverage shall be carried out and a copy of the same with detailed documentation submitted to the PPAARD.
- ✚ Performance Audit Reports shall be published in the RAA's webpage for wider dissemination and information-sharing after according prior clearance and approval from the Auditor General.



- ✚ The RAA shall hereafter carry out the audit of GoI Project-Tied Assistance (PTA) projects on an annual basis as requested by the GNHC on the basis of requirement by the GoI.

- ✚ To ensure quality audit services and to comply with the recommendations of the Peer Review Team 2010, the RAA shall come up with specific instructions outlining minimal requirements in various processes of auditing and reporting.

### 58<sup>th</sup> Policy Planning Consultative Meeting held in Thimphu

The meeting held on 20<sup>th</sup> June, 2014 chaired by Hon'ble Auditor General was attended by Dy. Auditor General, Assistant Auditors Generals of regional offices and headquarters, and team leaders. Deliberation was mainly on the following agenda items:

- » 4<sup>th</sup> Year Review of the RAA's Strategic Plan 2010-15
- » Audit Thrust Areas
- » Annual Audit Schedules

### Highlights of 58<sup>th</sup> PPCM

- ✚ Explore the possibility of conducting audit exit conference through video conferencing technology w.e.f July, 2014 in the audited agencies having such facilities.
- ✚ The Assistant Auditors General of Regions and Divisions to Carry out audit awareness programmes for colleges, institutes and schools falling under their respective audit jurisdictions

and intimate the progress to the PPAARD for records.

- ✚ The Hon'ble Auditor General of Bhutan to meet Chief Executive Officers, General Managers and Internal Auditors of Corporate & Financial Institutions to create audit awareness to corporate bodies.
- ✚ The house endorsed the following audit thrust areas for the AAS 2014-15.
  - » Construction, including expenditure on mega projects and road widening works under DoR,
  - » Procurement,
  - » Farm Roads Maintenance,
  - » Management and safeguarding of government properties,
  - » Absorptive capacity of implementing agencies,
  - » Budgetary Discipline,
  - » Service delivery,
  - » Gewog Development Grants, and
  - » Audit of BSR and Standard Bidding Document.
- ✚ The house adopted the Annual Audit Schedule 2014-15 with the condition to categorize gewog audits from Priority one (Every year) to Priority two (Once in two years) in the next Plan (2015-16) and to include the audit of all Political Parties on annual basis in the annual audit schedule.

*(Courtesy: PPAARD, RAA, Thimphu)*

### Public Accounts Committee (PAC) presented Annual Audit report 2013 in the 3rd session of 2nd Parliament

The Public Accounts Committee in its report presented issues containing in the Annual Audit Report 2013, including a set



of recommendations on the review reports of the Annual Audit Reports 2008-10 and implementation status on the past resolutions in the Parliament on 16<sup>th</sup> June, 2014.

Upon deliberation, the Parliament provided 12 recommendations for implementation and to resolve all the past pending issues.

### Highlights on Parliament Resolutions

- ✚ The National Land Commission (NLC), the MoWHS and the Thimphu Thromde to address anomalies highlighted in the AAR 2013 and submit Action Taken Report (ATR) to the PAC by December 2014. The National Land Policy which is due for publication by the Government to appropriately address such anomalies.
- ✚ The MoEA to hold DGM accountable for the loss of revenues amounting to Nu.25.230 million as a result of short levy of penalty on unauthorized Talc mining at Sukreti, Samtse.
- ✚ The MoFA to make the Royal Bhutanese Embassy (RBE), New Delhi, Dhaka, the Permanent Mission of Bhutan, Geneva, and the Royal Bhutanese Consulate Office, Kolkatta to repay the inadmissible amount immediately and take necessary administrative actions against the officials involved.

- ✚ The MoF to issue clear directives to all the budgetary agencies to enhance intra- agency co-ordination and ensure strict adherence to the financial rules and regulations.
- ✚ Government to address issues pertaining to construction activities on a priority basis and submit an ATR raised by RAA indicating details of action taken to the PAC within six months from the date of publication of the Resolutions of Parliament.
- ✚ On imposition of 24% penal interest on the past audit observations and unresolved pending issues of AAR 2008-2010, the house directed the Cabinet Secretariat to issues directives to Ministries and concerned agencies to fix accountability with the relevant individuals and resolve pending issues within six months period.
- ✚ The Governments' ATR on the PAC's recommendations duly endorsed by the Parliament to be captured as one comprehensive report instead of a collection of responses.
- ✚ The Government to come up with a concrete Action Plan on how to address the issue of under-utilization of capital budget apart from the responses received from the MoF.

### RAA released Annual Audit Report 2013

The Royal Audit Authority released its Annual Audit Report 2013 on 19<sup>th</sup> May, 2014. The report was prepared and submitted to His Majesty the King, the Prime Minister and the Speaker as required under the Article 25.5 of the Constitution of

the Kingdom of Bhutan and Section 72 of the Audit Act of Bhutan 2006.

### Highlights of Annual Audit Report 2013

- ✚ The Annual Audit Report 2013 contains unresolved significant irregularities involving Nu. 261.464 million as compared to Nu. 391.007 million reported in the Annual Audit Report 2012. The decrease of 33.13% was noted over the amount reported in the Annual Audit Report 2012.
- ✚ The highest amount of irregularities was reported under Ministry of Works and Human Settlement with Nu. 49.544 million, followed by Ministry of Economic Affairs with Nu. 31.095 million and Ministry of Education with Nu. 22.151 million. Under the Corporations, Financial Institutions and NGOs, the highest amount of irregularities was reported under State Trading Corporation of Bhutan Limited with Nu. 72.100 million and Dungsam Cement Corporation Limited with Nu. 14.805 million.
- ✚ The Report contains chapters on accomplishment of the Royal Audit Authority, Summary of Audit Findings, Certification report of Annual Financial Statements, Detailed Audit Findings, Persistent irregularities in the Construction Works, Recommendations; and Auditors' Report on the audit of accounts & operations of the Royal Audit Authority.
- ✚ In view of the persistence of irregularities in the construction works undertaken by the agencies, the RAA

had dedicated a separate chapter highlighting common issues occurring in the construction works and attempted to identify some of the factors that reinforce its recurrences. It is intended to draw attention of the government and the authorities to take remedial actions to tone up systemic deficiencies through appropriate interventions.

- ✚ The draft Annual Audit Report 2013 was circulated to all the agencies concerned for their comments during February 2014. The Report was finalized giving due consideration to the responses received from the Ministries and other agencies.
- ✚ The copy of the Annual Audit Report 2013 was shared with Ministers and Secretaries of ten ministries, heads of all autonomous institutions and audited agencies, DASHO DZONGDAGS of 20 districts and GUPS of 205 gewogs. For wider information dissemination, a copy was also uploaded on the RAA's webpage ([www.bhutanaudit.gov.bt](http://www.bhutanaudit.gov.bt)).

### Second session of National Council deliberated on Performance Audit report on Lease & GRF Land



The National Council's Good Governance Committee Chairman, Eminent Member, Hon'ble Tashi Wangmo presented the report to the house on 27<sup>th</sup> January, 2014.

The house deliberated on the recommendation presented by the good governance committee. Some of the recommendations were as follows:

- ✚ Adopting a National Land policy;
- ✚ Correcting current shortfalls; and
- ✚ Strictly monitor the encroachment into government land and government reserved forest land and mines.

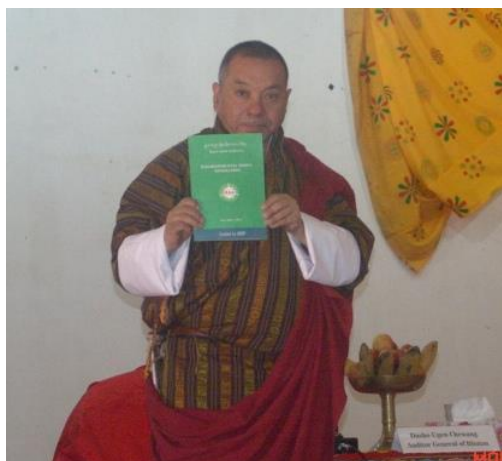
### Highlight of the Performance audit report on leasing of land, GRF and Mines

- ✚ A total of 13,944.90 acres of government land are on leases hold across 20 dzongkhags for various purposes, a total, 4790.47 acres for mines and quarries, 4318.12 acres for business and development, 370.95 acres for industrial areas, 1741.23 acres for hydropower projects, and 337.06 acres for Tshamdros.
- ✚ Leasing of land is an important source of revenue for government but due to lack of monitoring and enforcement actions, it provided opportunity for abuse, misuse of rights and powers by both lessees and lessors.
- ✚ Due to lack of appropriate policy framework on leasing of government land, weak enforcement and monitoring, there were occupation of government and GRF land by other agencies and institutions.



- ✚ Due to the lack of policy framework on leasing of government land, it has resulted in various cases on leasing of varying land size for similar activity, whereby, leeway is given to the implementing agencies which resulted in varying sizes of land leased for similar activities.
- ✚ Rural people are not aware about the lease of government land and recommends that equal opportunity must be provided and wider advocacy is needed.
- ✚ Weak enforcement and monitoring has resulted in the leased land not used for the intended purpose, flawed system of demarcation, unauthorized subletting of leased area, non-usage of leased land, encroachment and occupation of more than registered leased areas, unauthorized occupation and usage, short levy of lease rents and non-existence of inventory prior to 2008.
- ✚ Various agencies and institutions have been observed occupying government and GRF land without entering into any form of lease agreement.

#### Hon'ble Auditor General launched Environmental Audit Guidelines, 2014



The RAA launched the Environmental Audit Guidelines during the 57th Policy Planning Consultative Meeting cum Mid-Term Review Meeting 2013-2014 held in Tsirang.

The launch of the Guidelines marked yet another significant milestone in the history of the Royal Audit Authority towards preservation of pristine natural environment of the country and beyond.

The need to introduce Environmental Audit into its mainstream audit services was firstly announced by the RAA during the Tenth Annual Audit Conference held in July 2007. It was then encapsulated under Programme Goal 4 of the Strategic Plan 2010-15 of the RAA.

The Guidelines was drafted by the in-house environmental auditors of Thematic Audit Division under the financial assistance of UNDP. Before finalization, the draft was reviewed by the external experts and stakeholders. It provides minimal guidance to auditors in carrying out environmental audits.

#### Cooperation Agreement signed between the Royal Audit Authority and the INTOSAI

A Cooperation Agreement between the Royal Audit Authority and the INTOSAI (*International Organization of Supreme Audit Institution*) Development Initiative (IDI) was signed in Kuala Lumpur, Malaysia on 21 May 2014. The agreement is focused on the IDI Global Programme on Specialized Audits-Public Debt Audit of Lending and Borrowing Frameworks. The Programme aims to support Supreme Audit Institution



(SAI) in strengthening professional and organizational capacity in conducting in-depth and effective audit of lending and borrowing frameworks, which is expected to facilitate in influencing use of universally accepted sound practices such as the UNCTAD Principles in sovereign lending and borrowing functions.



Strategically, the programme aims to provide blended training solutions involving theoretical learning through e-courses, workshops and information sharing meetings, and hands on learning through individual and joint pilot audits. Through such strategies, it is aimed to strengthen SAI professional staff capacity, and to create appropriate opportunities for the SAI to enhance organizational capacity through peer to peer learning, review and incorporation of audit practices based on the ISSAIs (International Standards of Supreme Audit Institutions) and international sound practice for audit and reporting.

The programme will be delivered over a period of 4 years (2013-2016).

## Annual Audit Plan 2014-15 Published

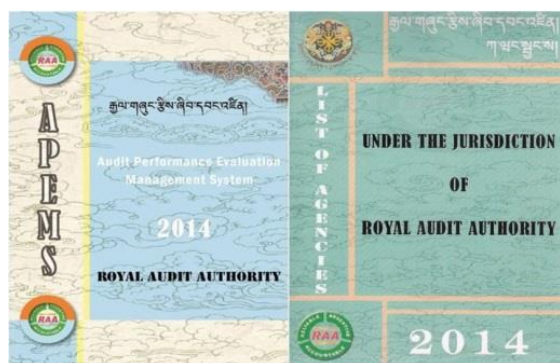
The Royal Audit Authority has finalized its Annual Audit Plan 2014-2015 and endorsed for implementation w.e.f July 1, 2014. The Plan is prepared in line with the RAA's Strategic Plan 2010-2015.

It entails 4th Year review status of the Strategic Plan, Audit Thrust Areas and the detailed Annual Audit Schedules for the coming year. It is expected to impart necessary information on the past achievements or challenges encountered and shed lights in understanding the RAA's priorities for the Year 2014-15.

In the AAS 2014-15, a total number of 781 audits including 30 statutory audits, 612 Financial Audits, 137 Compliance Audits and two Performance Audits are planned during the period. These audits comprises of 94 audits by CFID, 103 by GGD, 70 by RTICD, 76 by SCID, 1 by PSAD, 1 by TAD, 122 by OAAG, Bumthang, 116 by OAAG, SamdrupJongkhar, 134 by OAAG, Tsirang and 64 by OAAG, Phuentsholing.

When compared with the 694 audits committed to carry out during the period in the RAA's Strategic Plan 2010-15, additional audits of 87 are scheduled for the period. These additional audits comprise of 42 by CFID, 7 by GGD and 54 by OAAG, Tsirang. The plan document also entails detailed or categorized schedules by Divisions, Agencies and Teams.

## RAA Published APEMS & List of Agencies for 2014-15



In an effort to imbibe performance management in auditing, the RAA has published out booklet ‘Audit Performance Evaluation Management System’ (APEMS). It is expected to institute objective system to recognize performers and provide opportunities for improvement for others. The evaluation system shall be pilot run for the plan period 2014-15. The other initiative of PPAARD was finalizing the list of audit agencies which shall enable RAA to schedule its audits.

The publications were finalized after considering comments and feedbacks received during the Mid-Term Review Meeting 2013-14 held in March 2014 at the Office of the Assistant Auditor General, Tsirang and a subsequent consultative meeting held in the headquarters in April with the Assistant Auditors General.

A-PEMS is a tool that attempts to embrace holistic approach in managing and assessing audit teams and individual performances. It is aimed to streamline our work processes and promote professionalism in the delivery of services by adhering to professional standards or practices in the work we do.

The framework of APEMS encompasses all phases of auditing process and is designed to mirror professional progressions of each individual tasked with the auditing work. The intent of the system augurs organizational aspiration to foster professionalism and enhanced capability of the institution to deliver its mandates as an oversight body. It is expected to boost morale of performers through appropriate recognition and also to provide opportunities for others to improve and enhance through a system of constant evaluation and feedback.

The List of Agencies under RAA’s jurisdiction for 2014-15 is a compilation of all agencies that require auditing in 2014-15. The list will be updated annually and form basis for preparation of the Annual Audit Schedules and Plans for all Divisions and Regional Offices.

A copy each of the APEMs was distributed to all auditors during the sensitization programme organized mainly to familiarize all auditors with the APEMS framework by the Policy, Planning and Annual Audit Report Division.

### Expert Team from the office of C&AG India reviewed draft audit manuals and policy documents of RAA

An expert team from the office of the Comptroller and Auditor General of India reviewed 22 draft audit manuals and two policy documents from 5<sup>th</sup> – 16<sup>th</sup> May, 2014. The team was headed by Ms. Naina Agrawal Kumar, Principal Director of Audit and assisted by Mr. Sanjay Kumar,

Accountant General (Bihar) and Mr. Manish Kumar, Principal Director of Audit.

The experts' review was the final activity under Capacity Development Project of the RAA funded by the Austrian Development Cooperation. The project commenced in December 2012. Three consecutive workshops were held among the drafting teams in May 2013, September 2013 and March 2014 which was followed by detailed review by the in-house experts.

The expert team independently evaluated the structures and contents of all the manuals against ISSAI Audit Guidelines, RAA's Auditing Standards, RAA's Financial Audit and Performance Audit Manuals, and Auditor General's Standing Instructions 2010. After the review a report entailing findings and recommendations were shared with respective drafting core groups for incorporating necessary changes in the final documents.

The documents are expected to be launched by December 2014.

### In-house Training on Research Methodology commenced for Auditors



An in-house training on Research Methodology was conducted from 11<sup>th</sup> to 18<sup>th</sup> April, 2014 for around 30 field auditors in the headquarters. The training was facilitated by a resource person from Royal University of Bhutan and two internal resource persons. It was aimed at imparting research skills and techniques related to analyzing of quantitative data which has become important for the auditors in recent times.

### Training for Front Desk Employees



A Week long training aimed to upgrade knowledge base and skill of the Front Desk Employees was held from 7<sup>th</sup> -11<sup>th</sup> April 2014 in the RAA conference hall.

It was coordinated by the Human Resource and International Relations Division as per the In-house Training Calendar 2013-2014 of the Royal Audit Authority (RAA) and facilitated by in-house resource persons. The course comprised of subjects like MS Excel application, letter drafting and dzongkha translation skills. It was attended by front desk employees and support staff from RAA headquarters and regional offices. The training ended on April 11, 2014.



## ARTICLES

### Royal Audit Authority and Supreme Audit Institution Performance Measurement Framework

The RAA in collaboration with the INTOSAI Development Initiative (IDI) hosted the 'SAI Performance Measurement Framework' training course from 27 to 31 January, 2014 at the Taj Tashi in Thimphu. A total of 42 participants from 15 countries attended the training course. The opening session of the training was graced by Hon'ble Auditor General of Bhutan Dasho Ugen Chewang.

#### Background

The INTOSAI-Donor Secretariat within the INTOSAI Development Initiative (IDI) is the coordinator for a Task Team that has developed the Performance Measurement Framework for Supreme Audit Institutions (SAI PMF) under the auspices of the INTOSAI Working Group on the Value and Benefits of SAIs (WGVBS).

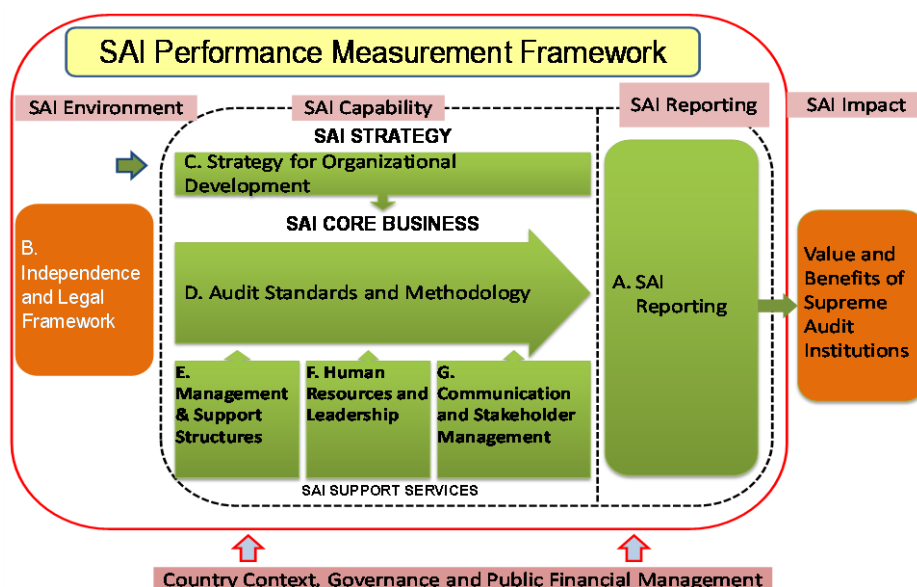
The SAI PMF is designed to support SAIs in enhancing their performance through a structured, consistent and holistic approach to performance measurement. It helps SAIs assess their performance objectively against established INTOSAI good practices (including the ISSAIs, the Framework on the Value and Benefits of

SAIs and other guidance material developed by the INTOSAI community). The SAI PMF consists of a set of measurable indicators and a qualitative performance report, and it can be applied using different approaches, namely self-assessments, peer reviews or external assessments.

Substantial milestones have already been accomplished in developing the Framework. The SAI PMF pilot version was endorsed by the WGVBS in July 2013 and launched at the XXI INTOSAI Congress in China, in October 2013. A number of SAIs around the world are now piloting the SAI PMF and the Task Team will monitor the pilots and use the feedback to improve the SAI.

### SAI-Performance Measurement Framework

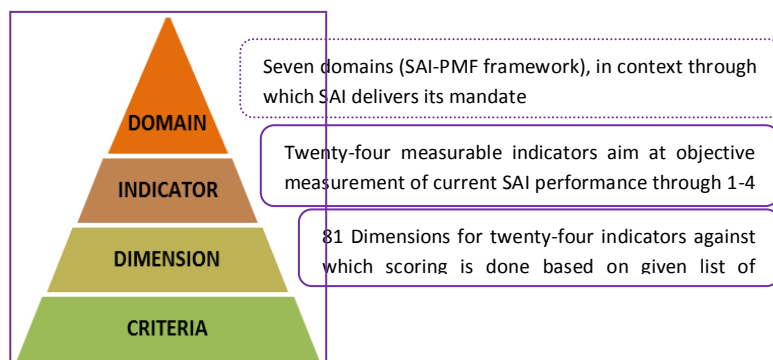
The framework consists of seven domains (A-G above) covering institutional context of SAIs in which it operates. The legality



on the existence of SAI and its independence are the main elements under the domain A and acts as an input for the nature of impact created. The SAI capacity will hugely depend on various SAI initiatives targeted for organizational development for better performance and its output. The non-audit functions such as management and support structures; human resources and leadership; and communication and stakeholder relationship is crucial and profoundly influential on the quality of audit standards and methodology SAI develop and implement for quality audit impact in various public sectors. The quality of audit reports- the end result of audit is contributed by all above domain directly or indirectly. The domains are also influential and contributing for the better public financial management, accountability and transparency ultimately contributing towards promoting good governance.

### Domain, Indicator, Dimension and Criteria

For objective performance assessment, measurable indicators both quantitative and qualitative that are capable of tracking



performance of SAI over time and also to serve as performance benchmark are identified. For performance scoring

purposes, scale from 0-4 is used. The scoring is based on production of evidence (documentation of files) and assessors' judgement by interviewing concerned stakeholders (internal and external) referring to actual practices of SAI.

Under every indicator there are one to four dimensions against which scoring is done based on listed comprehensive criteria. The criterion are drawn from relevant rules/requirements as per ISSAIs and also based on international best practices. In case of criteria which are not relevant to particular SAI in the context where it operates, the scoring is done differently, and the reason to that extend is explained in narrative.

(Courtesy: <http://www.idi.no> )

### Performance Assessment of RAA under SAI-Performance Measurement Framework

Guided by the SAI Performance Measurement Framework methodology, a four member delegates from INTOSAI Development Initiative (IDI) Secretariat undertook the assessment study for the Royal Audit Authority. The scope of the study covers RAA's financial, compliance and performance audit, organizational structures and procedures as well as the current legal and institutional framework.

The purposes of the assessment were:

- ✚ To provide RAA with information about its strengths and weaknesses as compared to the ISSAIs and thereby identify

opportunities to strengthen SAI performance;

- ✚ To establish a baseline against which future progress can be measured; and
- ✚ To support the process of developing the SAI PMF as a global tool for assessment and monitoring of the

performance of SAIs against their mandates and the ISSAIs.

The assessment study completed on 30<sup>th</sup> May 2014. The report is expected to be released in September, 2014.

## Who left us?



Mr. Bhanu Bhakta Chhetri, Audit Specialist I (ES1), Department of Performance & Thematic Audit, Royal Audit Authority (RAA), had superannuated from the civil service on 27/02/2014 after his 36 years and one month of distinguished service with the Royal Audit Authority.

He joined the Royal Audit Authority as a Trainee Officer in 1978 and contributed significantly in the field of auditing till his retirement. He is a person with rich memories on the institutionalizing processes of the audit services in the Country.

Since its inception in late 1960s, the RAA had undergone radical functional and structural changes. It became autonomous institution in 1985 and subsequently became one of Constitutional Offices in the Country under the Constitution of Kingdom of Bhutan. Mr. Bhanu was very much part of the laying strategic milestones and initiatives of the RAA. The first annual audit report was developed in 1977.

He was actively involved in drafting second annual audit report of 1979. Almost all audit reports issued by the RAA were reviewed by him. Audit reports thereafter gained credibility and are now well received by our stakeholders.

He was the first Chartered Accountant who had served the RAA contributing significantly to the overall institutional capacity building till his last day of service in the TSA-WA-SUM. His contribution to development of the Companies Act of the Kingdom of Bhutan 2000 had also considerably improved the financial management of the corporate and private sectors today. He was also closely involved in facilitating the statutory audits of government and government controlled corporations. One core area he had been able to contribute largely was improvement of the public financial management in the country.

Mr. Bhanu as the Chairman was also actively involved in drafting Financial Management Accountability Index (FRMAI), rendering overall supervision of the development and implementation of the Risk-based financial audit, debt audit and the audit of Annual Financial Statements. He was also involved in various committees in various capacities like Audit Technical Committee, Follow-up Committee and Chairman of Audit Committee. He had served as the board members of the Accounting and Auditing Standards Board of Bhutan (AASBB) established in 2010.



## Who joined us?

Eight young officers joined RAA in the year 2014 after completing their Post Graduate Diploma in Financial Management from the Royal Institute of Management, Simtokha, Thimphu. Upon joining the RAA, they were provided orientation in the RAA Head Office. The program includes familiarization on various strategic issues such as; RAA code of ethics & secrecy, RAA auditing standards and various forms of auditing techniques and procedures practiced in RAA. Further, during a week long program, senior officials from RAA shared their enriching personal experiences.



**(Tenzin Wangdi)**  
General Governance  
Division



**(Nima)**  
Social Communication  
& Information  
Division



**(Phuntsho Choden)**  
Resource Trade Industry  
& Commerce Division



**(Pema Wangdi)**  
OAAG, Samdrup  
Jongkhar



**(Pema Lhadon)**  
Social  
Communication &  
Information Division



**(Kinley Wangchuk)**  
General Governance  
Division



**(Sangay Rinzin)**  
OAAG, Bumthang



**(Namgay Choden)**  
Social Communication &  
Information Division

## ABOUT RAA

### Vision

A premier audit institution that promotes value for money in government operations and contribute towards good governance.

### Mission

To audit without fear, favour or prejudice on the prudent and effective use of public resources and report to the Parliament and stakeholders for enhancing transparency and accountability in the government.

WHO WE ARE	WHAT WE DO	CORE VALUES	MANDATES
The Royal Audit Authority (RAA) is the Supreme Audit Institution (SAI) in the country, responsible to audit and report on the economy, efficiency and effectiveness in the use of public resources as per provisions of the Constitution of the Kingdom of Bhutan. The Auditor General (AG) heads the Royal Audit Authority for a period of five years or until attaining the age of sixty five years, whichever is earlier.	We have over 1194 entities and over 234 employees to audit and report through a network of four Regional Offices and functional divisions located in the Head Office, Thimphu. We carry out performance, financial, compliance, propriety, regularity and Special audit and report to His Majesty the King, the Prime Minister and to the Parliament as required under the Constitution of the Kingdom of Bhutan.	Every auditor subscribes to Sixteen Principle of Oath of <i><b>Good conduct, Ethics and Secrecy</b></i> upon their appointment to audit and report on the effective of public resources without fear, favour or prejudice. Our Core Values are: ✓ <i>Independence</i> ✓ <i>Objectivity</i> ✓ <i>Integrity</i> ✓ <i>Commitment</i> ✓ <i>Professionalism</i> ✓ <i>Reliability</i> ✓ <i>Team work</i>	Prior to 2006, the RAA derived its mandates mainly from the <i><b>Royal Decrees</b></i> and the General Auditing Rules and Regulations (GARR) promulgated in 1989. Presently, the RAA derives its duties and powers from <b>Article 25</b> of the Constitution of the Kingdom of Bhutan and the Audit Act of Bhutan 2006 enacted under the provision of the Constitution.

#### Editorial Team:

Dorji Wangchuk, AAG

Tashi Lhamo, Audit Officer,

Passang Wangchuk, Asst. Planning Officer

Leki Tshering, Asst. Audit Officer

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Bhutan Integrity House, Peling Lam, Kawangjangsa

P.O. Box 191, Thimphu – 11001: BHUTAN

**Telephone:** +975-2-322111; **Fax:** +975-2-323491